

COMPOSITE EXHIBIT J

J-1

J-2

J-3

J-1



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*Compromise Offer & Negotiation
Subject to 225 Pa. Code Rule 408, Fed. R. Evid 408, & All Similar Laws*

December 20, 2024

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Mariah R. Turner
Joanna Waldron
Department of Health, Office of Chief Counsel
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Harrisburg, PA 17120-0701
Via email: mariahturn@pa.gov
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SAMUEL H. PORTER, III'S DIRECT LINE: (614) 462-1078
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Re: Pier Cove, LLC Settlement Proposal

Dear Ms. Turner and Ms. Waldron:

On behalf of Pier Cove, LLC (“Pier Cove”) thank you for the time to previously discuss the matters before the Pennsylvania Department of Health (“Department”) related to our client. We are appreciative of the ongoing dialog and partnership with the Department to resolve this matter in the best interest of all parties and stakeholders. Following on our email of November 22, 2024, and in conformity with the Hearing Examiner’s November 27, 2024, order, we write to provide a robust operational plan, timeline, and proposal for the settlement Docket No. MM 24-013 GP, *Pier Cove, LLC, v. The Pennsylvania Department of Health, Bureau of Medical Marijuana*.

As Pier Cove is committed to a grower/processing facility that is fully compliant with Pennsylvania law and regulations, we value the opportunity to address the concerns raised in the July 25, 2024, *Notification Rejection Renewal Application As Untimely & Ordered Surrender of Grower/Processor Permit*, and we are authorized to share Pier Cove’s detailed plans for the renovation, operation, and financing of its grower/processing facility. More importantly, as Pier Cove is committed to reporting and transparency in those efforts, and earnestly wishes to work closely with the Department and Medical Marijuana Program (“Program”) to ensure there are no reporting failures or surprises going forward, we would like to propose a plan for Pier Cove to make regular updates about the construction, operation and financing of its grower/processing facility that are in addition to the Department and Program’s reporting requirements. These plans and commitments are described in greater detail in this letter, and supporting documents are enclosed.

Below please find a summary of the issues, the status of remediation, and plans to correct moving forward. As with any draft plan, we fully welcome any comments and revisions the Department may have so that we can resolve this matter in the best interest of all parties.

December 20, 2024

Page 2

I. Status of Pest Infestation Resolution

As the Department is aware, Pier Cove temporarily closed its facility in October 2023 due to pest pressure, including Russet mites, fungus gnats, and root aphids. Pier Cove immediately reached out to several vendors to remediate this issue and hired the exterminator Atticus Pyrus to fog the facility on or around October 25, 2023. Pier Cove also initiated the destruction of plants the next day, on or around October 26, 2023, which was completed on or around October 29, 2023. Currently, the pest pressure at Pier Cove's facility is limited to mold that has infiltrated certain drywall. There have been no insects or pathogens detected since the removal of plants from the facility, which is detailed below. And, as there are no plants at the facility, there are not present conditions creating a risk of ongoing plant infection or infestation. Additionally, Pier Cove's construction plan, detailed further below, includes the replacement of any of the at issue drywall and the complete industrial hygiene remediation of the facility.

As this previous pest pressure was caused in part by the attempt to cultivate with unfinished mechanicals, Pier Cove does not plan to begin future cultivation until all necessary mechanical systems are fully operational in its grower facility, plans for which are included in greater detail below. Additionally, Pier Cove has instituted new procedures to ensure that this pest pressure issue does not arise again. Specifically:

- No plants will enter the building unless and until all mechanical systems are functioning;
- Cultivation technicians will monitor and document any unusual pest presence, giving special attention to mother rooms and juvenile plants;
- Insect and pest management technicians will regularly evaluate and undertake approved and compliant pesticidal measures, including beneficial insects, as necessary;
- Pier Cove has purchased auto-fogging equipment so that it can be rapidly deployed in the event of an infestation; and
- Pier Cove has developed a relationship with an outside exterminator experienced in cannabis management, whose services can be engaged quickly should it become necessary.

II. Status of Pier Cove's Physical Plant

Currently, operations at Pier Cove's physical plant remain suspended, and have been closed since October 2023. Pier Cove plans to re-start those operations upon the completion of required construction in the grower operation and once it obtains the required permissions from the Department and the required licensure and permitting to do so. There have been no changes in operations since Pier Cove submitted its July 26, 2024, closure plan. Specifically:

- Pier Cove has not accepted or purchased seeds, immature medical marijuana plants, medical marijuana plants, medical marijuana, other plant matter, medical marijuana

December 20, 2024

Page 3

products, equipment, or medical devices or instruments since the date of the initial notice of temporary closure in October 2023;

- Pier Cove has not provided seeds, immature medical marijuana plants, medical marijuana plants, medical marijuana, other plant matter, medical marijuana products, or medical marijuana services to any other medical marijuana organization;
- Pier Cove does not have seeds, immature medical marijuana plants, medical marijuana plants, medical marijuana, medical marijuana products, or other plant matter at the facility, and therefore, does not need to dispose of these items in accordance with 28 Pa. Code § 1151a.40 (relating to management and disposal of medical marijuana waste);
- As Pier Cove has appealed the Department's decision, all equipment used in its operation at the facility has been securely stored during the appeal process; and
- Pier Cove does not have medical devices or medical marijuana instruments at the facility and therefore did not need to dispose of said items.

Additionally, Pier Cove is in the process of contracting with the security surveillance provider it currently utilizes in Illinois,¹ to monitor the facility. Also, the Facility Supervisor, Mark Ide, continues to make weekly visits to the facility, which includes a complete walk through of the building in addition to a perimeter check on the exterior of the facilities. From his inspections he has confirmed that the facility has never been compromised, broken into, or visited. Pier Cove will of course make Department aware if there are any security issues.

III. Operational & Construction Plan for Re-Opening

a. Construction Plan

Pier Cove has engaged Mosaic Construction, LLC (doing business as Cannabis Facility Construction) to complete construction of the growing and processing facility. Pier Cove's Construction and Operation Plan for Re-Opening is attached to this Proposal as **Exhibit 1**. Important to this plan, Mosaic Construction has extensive construction experience developed over nearly a decade serving the construction needs of the cannabis industry. Their budget proposal is enclosed as **Exhibit 1-A** and the preliminary proposal is attached as **Exhibit 1-B**. To summarize, Mosaic Construction estimates this construction will cost \$3,250,000 to \$4,250,000 and will take eighteen (18) weeks from start to completion. This proposal includes (i) the completion of Pier Cove's growing and processing facility, located on the first floor, (ii) the implementation of industrial hygiene and remediation for prior mold infiltration, and (iii) all required labor, materials, tools, security measures, etc. Additionally, Pier Cove has also engaged an industrial hygienist to formulate a plan for mold remediation, although Pier Cove will not implement that plan until we obtain approval.

¹ Prep Security, 502 Earth City Expy Ste 200, Earth City, MO 63045

December 20, 2024

Page 4

Mosaic Construction estimates it would be able to begin construction with two-to-three weeks' notice. Please see the enclosed Gantt chart, **Exhibit 1-C**.

Pier Cove plans to start construction only after it secures the required permits and licenses. Pier Cove has also explored ways to expedite and anticipates an immediate construction and remediation timeline. Specifically, Ed Warpinski, National Construction Manager, is working with Mosaic Construction to assess and evaluate the materials and equipment originally purchased for the project. This includes a determination of which of those materials are still usable and which will need to be replaced and immediately initiating the replacement of any such materials to avoid supply chain delays.

b. Operational Re-Start Plan

Pier Cove has worked hard to create an operational re-start plan to help get the facility up and running once it obtains approvals from the Department and Program. Pier Cove's plan for restarting operations is also contained in the enclosed **Exhibit 1**. As described in greater detail therein, Pier Cove plans to scale up operations as soon as the necessary mechanical systems are fully functional and commissioned; to complete hiring initial cultivation staff within fifty (50) days of approval; to obtain a Temporary Certificate of Occupancy and bring live plants into the building within sixty-one (61) days of approval; To complete construction and obtain a Certificate of Occupancy within one hundred five (105) days after approval; to harvest its first cannabis crop within one hundred fifty-two (152) days after approval; and to introduce its first products into the cannabis dispensaries within one hundred ninety-four (194) days after approval.

The facility is still covered by Pier Cove's comprehensive liability insurance policy. And, Pier Cove has an existing security surveillance firm, Prep Security, ready to commence operations, as reflected in **Exhibit 1-D** (a similar contract with that security entity for our Illinois cultivation facility).

Pier Cove estimates that operational re-start will cost \$4,843,000 to \$4,943,000. That figure includes pre-construction site work costs, construction costs, personnel costs, costs for any additional materials and supplies, and associated operating and carrying costs.

The team who will be leading Pier Cove's restart has extensive experience in improving the operations of cannabis facilities. Pier Cove's parent company, Justice Cannabis Co., owns and operates cultivations and dispensaries in five states. In July 2023, Justice Cannabis Co. replaced its entire executive leadership team with a new team of experienced cannabis professionals. That new executive team took a company facing significant challenges and crisis and, in 18 months, turned it around 180 degrees. That team and Pier Cove are likewise committed to a 180-degree turnaround.

Currently, all underperforming assets of Justice Cannabis Co. have been sold off in order to transform all remaining assets into efficient, safe, compliant, and financially self-sustaining operations. These efforts have already resulted in success in operational turnarounds near Pennsylvania. These efforts have also provided this team with valuable experience that has been

December 20, 2024

Page 5

enabling Pier Cove's turnaround. For example, while working on Pier Cove's operation, the team has also transformed the company's New Jersey cultivation facility, increasing monthly cultivation output from one-hundred (100) pounds of flower to seven hundred fifty (750) to one thousand (1,000) pounds, while simultaneously improving flower quality, industrial safety and hygiene, and average worker compensation. If the Department or Program is interested in learning more about the leadership team's record of successful facility turnarounds, we are happy to provide further explanation and materials.

c. Economic & Social Impact of Operational Re-Start

We also firmly believe that the restart of Pier Cove's facility will have a hugely positive economic impact to the region around Hazle Township.² Pier Cove's statement on Economic and Social Benefits of Cultivation is attached to this Proposal as **Exhibit 2**. Pier Cove estimates that, once fully operational, its facility will employ up to 70 staff with a combined annual payroll of \$3,500,000. In addition to offering leading wages within the medical marijuana industry, those jobs will offer a full suite of benefits and will impart valuable skills in the growing cannabis industry, which will result in greater economic stability and increased opportunity for upward mobility. Apart from payroll, Pier Cove's operations are estimated to contribute approximately \$162,000 in annual local property taxes and \$1,000,000 in state cannabis excise taxes, once permitted and operational. Pier Cove understands the importance of giving back to the Commonwealth and the local community and wishes to be a future leader there.

Just as important, Pier Cove has a commendable and proven commitment to diversity in its ownership, staffing, and operations. Pier Cove's Diversity Plan Summary is attached to this Proposal as **Exhibit 3**.

IV. Financing Plan for Re-Opening Pier Cove

Pier Cove has arranged for financing for the above-described construction and re-start costs. Pier Cove's Financial Stability Plan Summary is attached to this Proposal as **Exhibit 4**. Specifically, Pier Cove's lender, AFC, has pledged to release funds of \$500,000 for operation re-start costs, provided that Pier Cove's permit is renewed. Additionally, Pier Cove's owners have agreed to invest an additional \$5,000,000 for construction costs, start-up costs, and other costs reasonably necessary to resume operations at Pier Cove. Their pledge letters are enclosed as **Exhibit 4-A**. Together, this \$5,500,000 in funding is sufficient to cover the above-described construction and re-start costs, which are estimated to total \$4,843,000 to \$4,943,000. As detailed below, Pier Cove would like to make regular updates to the Department on the status of financing.

Additionally, Pier Cove is preparing a financial analysis of its planned retail partnerships with the objective of furthering Pier Cove's economic viability, and thus operational stability, after it re-starts operations. Pier Cove is committed to operating an economically viable

² Luzerne County has recently been targeted by the Governor and the Office of Transformation & Opportunity for economic revitalization. (<https://dced.pa.gov/newsroom/governor-shapiro-visits-major-hazle-township-development-project-to-announce-pa-permit-fast-track-program-to-speed-up-government-streamlining-approvals-fueling-economic-growth-and-making-p/>)

December 20, 2024

Page 6

grower/processor facility with the goal of stability and continuity in its future contributions to the Program's supply chain, for the ultimate benefit of Program patients, the Program's diversity goals, and the local economy.

V. Reporting and Communication Commitment

As Pier Cove is committed to transparency with the Department and the Program, we propose that any settlement and/or consent agreement include robust terms for periodic status reports by Pier Cove as well as an affirmative agreement to provide the Department and the Program with notice of any issues, construction timeline updates, or any necessary material changes to the representations in this letter and/or any settlement agreement. Initially, we propose monthly check-ins with the Department and Pier Cove to address:

- The status of Pier Cove's construction efforts;
- The status of Pier Cove's operational restart plan;
- Any material changes to the financing of Pier Cove's planned construction;
- Any amendments to Pier Cove's 2024-2025 Grower Processor Permit Renewal Application pursuant to meeting the requirements of 28 Pa. Code § 1141a.27(c); and
- Any amendments to the July 26, 2024, proposed closure plan.

We are of course amenable to discussing a different reporting plan if the Department or Program has other or additional requests or preferences.

Thank you again for the opportunity to provide the Department and the Program this outline and the enclosed supporting exhibits. Pier Cove looks forward to implementing this robust re-start plan and towards serving the patient population. After you've had a chance to review, we welcome the opportunity to schedule a status meeting with you and our team to answer any questions you may have and to discuss next steps toward settlement.

December 20, 2024
Page 7

Very truly yours,
ICE MILLER LLP

John H. Oberle

John H. Oberle

Samuel H. Porter, III

Samuel H. Porter, III

Enclosures.

cc: Justice Cannabis Co. (Gail Brashers-Krug)
Ice Miller, LLP (Kristina S. Dahmann & Kyle Finnegan)

J-2

WHAT PIER COVE PROPOSES TO DO:
Construction and Operation Plan for Re-Opening

As noted previously, construction of the Pier Cove Cultivation and Manufacturing Facility (the “Grow”) is not entirely complete. It is a two-story building. The first floor will contain all cultivation activity, including the storage vault and packaging facilities. Construction of the first floor is roughly 80% complete. The second floor will remain finished only to life safety through 2026; in the future, if finances permit, Pier Cove may seek the Department’s permission to expand that second-floor space to house manufacturing operations.

A. Construction Timeline and Budget

The Grow has contracted with Mosaic Construction, the original contractor for the facility, to complete the project. Mosaic has provided the attached Construction Budget (attached to this Proposal as **Exhibit 1-A**), preliminary proposal is (attached to this Proposal as **Exhibit 1-B**) and Construction Schedule (attached to this Proposal as **Exhibit 1-D**).

Construction on the cultivation facility can proceed with just an estimated two-to-three weeks' notice to Mosaic and would take around 15-18 weeks from start until completion. According to Mosaic's preliminary construction schedule, if the Department approved our permit renewal and allowed this process to begin in mid-January 2025, the facility could become fully operational by June 13, 2025.

1. Pre-Construction: Because the Grow has sat unused for more than a year, a short period of assessment, cleanup, remediation, and site preparation will be necessary.
 - Mold: Pier Cove has become aware of some minor mold infestation that was noted in the cover letter. We have hired an Industrial Hygienist to inspect and assess the premises for mold. If mold infestation is relatively superficial (i.e., not inside the walls), Pier Cove will hire a commercial cleaning service provider (such as Serv Pro) to remove it. If the mold is more pervasive, we will contract with licensed mold remediation specialists to thoroughly remove the affected drywall and any other items exhibiting mold.
 - Equipment and materials inventory: Pier Cove will conduct an exhaustive assessment and inventory of all equipment, materials, and supplies previously purchased for the completion of the project, to determine whether any have sustained damage and need to be repaired or replaced.
 - Permitting: Mosaic will apply for all necessary building permits.
 - Trades: Mosaic will contract with local trades for subcontract work.
 - Vendors: Pier Cove will make arrangements with other vendors, such as our CO2 supplier and Priva, to restore and complete service. That will include restoring all utility services and contracting with a security systems provider. Pier Cove intends to use Prep Security, a third-party, cannabis-compliant security systems

provider that Pier Cove currently uses in its parent company's New Jersey Grow and our Illinois Grow. (See contract with Prep Security, attached to this Proposal as **Exhibit 1-C**.)

- Site preparation: The site is largely fully prepared, but Mosaic will install security fencing and guard shack, perform any necessary excavation, clean the site of debris, and undertake minor demolition of any damaged components.

2. Construction: A detailed description, schedule, and cost estimate are provided in **Exs. 1-A, 1-B and 1-D**, but a brief summary of the planned construction schedule is as follows:

- Building a cannabis-compliant vault (22 days);
- Decommissions and build-out to include locker rooms (61 days);
- General construction on the mezzanine floor (flooring, drywall, security measures, etc.) (33 days);
- Commission and completion of an elevator & lift (24 days);
- Implementation of fertigation systems (29 days);
- Completion/Punchlist/Closeout (15 days).

Construction Phase	Time for Completion	Approximate Cost
Pre-Construction (Pier Cove's estimate including vendor costs and industrial hygiene)	10-15 days from Department approval	\$460,000
Site Work and Front-Loaded Construction Costs (Mosaic Ex. 1-B, General Requirements, Demolition and Site Work)	17-21 days from Department approval	\$938,000
Construction (Mosaic Ex. 1-B, remaining costs)	74 days from beginning construction	\$3,045,000
TOTAL	105 days	\$4,443,000

B. Start-Up Timeline and Budget

Once the construction is finished and a Certificate of Occupancy is issued, we can prepare to cultivate cannabis plants at the Grow. Start-up activities fall broadly into three categories: Obtaining materials and supplies, personnel hiring and training, and cultivating juvenile cannabis plants. Our plans for those three categories are summarized below that also includes plans for preventing future pest infestations.

1. Materials and Supplies: This work can begin and be largely completed prior to completion of construction. We will contract with vendors to supply cannabis-specific materials and supplies (such as juvenile plants or seeds and packaging), general agricultural and manufacturing equipment and supplies (such as PPE, pest management products, growth medium, nutrients, and pots), and ordinary workplace equipment and

supplies (such as toilet paper, computers and iPads, water coolers, and the like). Because we previously operated the Grow and contracted for all of those items, we have existing relationships and sources in the area. We therefore anticipate moving expeditiously to resume those relationships.

2. Personnel: The hiring process can also begin before construction is complete. We anticipate needing at least 10 employees to start, including security personnel. That number will increase as the first plants approach the flowering stage, and should approach 70 by the end of 2025. We will contact all prior employees where possible and offer them positions. We will recruit for the remaining open positions in the community and on cannabis-specific career sites. Our HR department already has operations in Pennsylvania (servicing our dispensaries), and we are experienced at recruiting, hiring, on-boarding, and training cultivation staff. We will also make staff from our New Jersey Grow available on a limited basis to assist in on-boarding and training new employees. We will prioritize the hiring and affiliation of employees necessary to get plants on-site: cultivation technicians, security, and facilities management.
3. Cultivation: Cultivation can begin prior to completion of construction, with regulatory approval, but not until necessary mechanical systems are fully functional and online, to guard the health of the plants. As soon as the systems are functional and we have obtained the materials, supplies, and personnel necessary to support juvenile plants, we will work with the Department to get permission to obtain juvenile cannabis plants. **We anticipate getting live plants in the facility 30-45 days after construction commences (“Planting Day”).**
 - Cannabis plants begin at the clone stage and progress through several weeks of the vegetative phase, typically a period of about 1-6 weeks, depending on the age and size of the clone plant.
 - After the vegetative stage, cannabis plants spend about 12 weeks in the flowering stage before they are harvested. Thus, the **first harvest should occur 13-15 weeks after Planting Day**.
 - Post-harvest processes, such as drying, curing, trimming, and packaging, require additional time. **We expect to have our first product out the door and into dispensaries 19-22 weeks after Planting Day**.
 - *Please note that this timetable builds in delays of ten percent due to possible supply chain issues, human error, crop failure, and other foreseeable complications.

Start-Up Phase	Time for Completion
Materials and Supplies	30-45 days after beginning construction
Recruiting and Hiring Personnel	Ongoing through first nine months of operation, first round completed 30-

	45 days after beginning construction
Planting Day (Live Plants in the Facility)	30-45 days after beginning construction
First Harvest	91-105 days after Planting Days
First Sale	42 days after Harvest
TOTAL	163-192 days after construction begins

The time from Planting Day to First Sale will be between 163 and 192 days, or 5-6 months. We anticipate that start-up costs, including the operating and carrying costs of the facility, for those 5-6 months will total **between \$400,000 and \$500,000**.

4. Preventing Future Pest Infestations: Pier Cove closed its facility in October 2023 due to pest pressure, including Russet mites, fungus gnats, and root aphids.

- Remediation of pests: We reached out to several vendors to remediate this issue and hired the exterminator Atticus Pyrus to fog the facility on Oct. 25, 2023. Pier Cove also initiated the destruction of all plants and plant material on October 26, 2023, which was completed on October 29, 2023.
- Cause of pests: At bottom, our pest problem was caused by trying to cultivate plants in a building with unfinished mechanicals and without sufficient financial support. Because the HVAC, fertigation, and CO2 systems were not completely functional, our efforts to control climate and growing conditions were hampered. Moreover, we did not have the funds to purchase the equipment and outside assistance required to stop the infestation once it occurred (multiple auto-foggers, extermination services).
- Plan to prevent future pest pressure: It is impossible to completely prevent insects in a building with hundreds of plants; indeed, some insect activity is beneficial and necessary to cultivation. But we will implement a rigorous program to prevent excess pest pressure and infestation.
 - No plants will enter the building unless and until all mechanical systems are functioning;
 - Cultivation techs will monitor and document any unusual pest presence, giving special attention to mother rooms and juvenile plants;
 - IPM (insect and pest management) techs will regularly evaluate and undertake approved and compliant pesticidal measures, including beneficial insects, as necessary;
 - We have already purchased the necessary auto-fogging equipment in the event of an infestation;

- We have developed a relationship with an outside exterminator experienced in cannabis management and will utilize their services should it become necessary.

Currently, the pest pressure at Pier Cove's facility is limited to mold that may have infiltrated certain drywall, caused by the facility sitting dormant for a year. Pier Cove's construction plan, detailed above, includes replacement of any affected drywall and industrial hygiene remediation. As we begin operating the Grow, our ordinary humidity-control and environmental control SOPs will prevent future mold growth, as they do in our existing New Jersey Grow and Illinois Grow.

C. Conclusion

In summary, we have worked with Mosaic, the trade groups, and relevant stakeholders to craft an achievable plan to re-open the Grow on the following timetable:

Milestone	Days After Department Approval	Cost
Pre-construction work completed	31	\$1,398,000
Construction commenced	31	
First cultivation crew hired	50	
Planting Day	61-76	
COO (Construction completed)	105	\$3,045,000
First Harvest	152-181	
First Sale	194-223	
Operating and Carrying Costs from Planting Day through First Sale		\$400,000-\$500,000
TOTAL	194-223 Days After Approval	\$4,843,000 to \$4,943,000

While no construction plan is ever implemented without a hitch, we believe that the plan set forth in this Proposal and the accompanying exhibits constitutes a thoughtful, realistic, and achievable blueprint for re-opening the Grow, restarting cultivation operations, bringing good jobs to the community, and increasing the stable supply of high-quality medical cannabis in Pennsylvania within 8 months of approval. Our plan takes into account reasonably foreseeable delays and unanticipated expenses. Even considering those complications, we are confident that we can effect a fully completed, operational Grow in 8 months, for \$5,000,000.

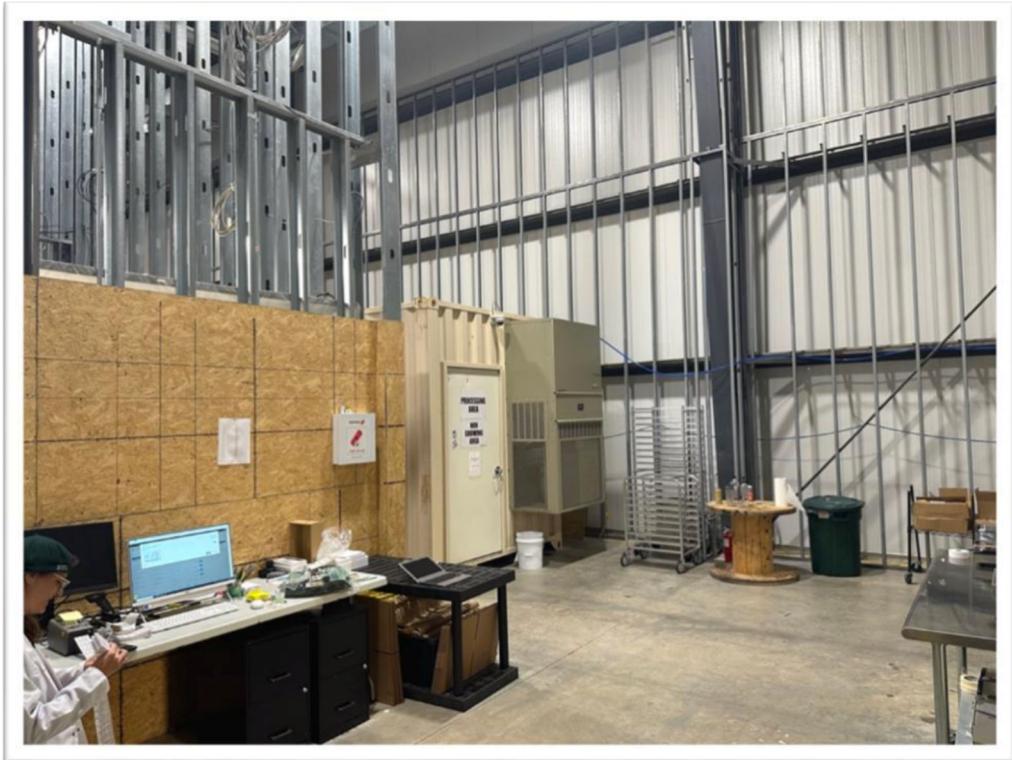
Exterior Photos of The Facility:

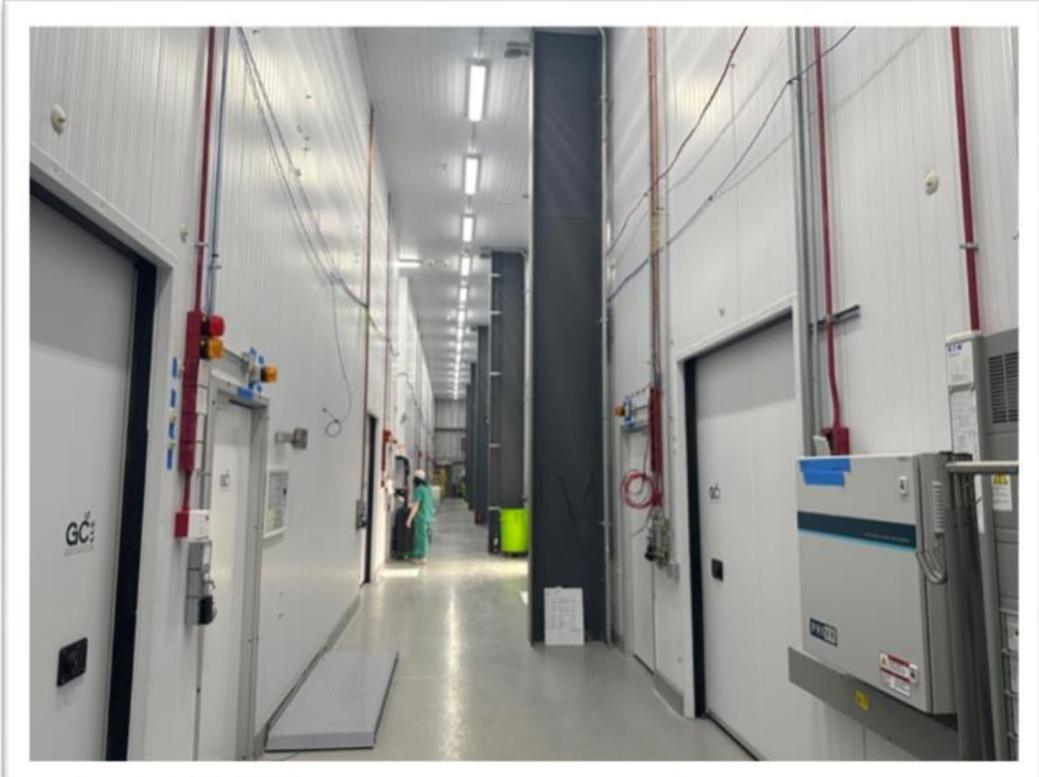
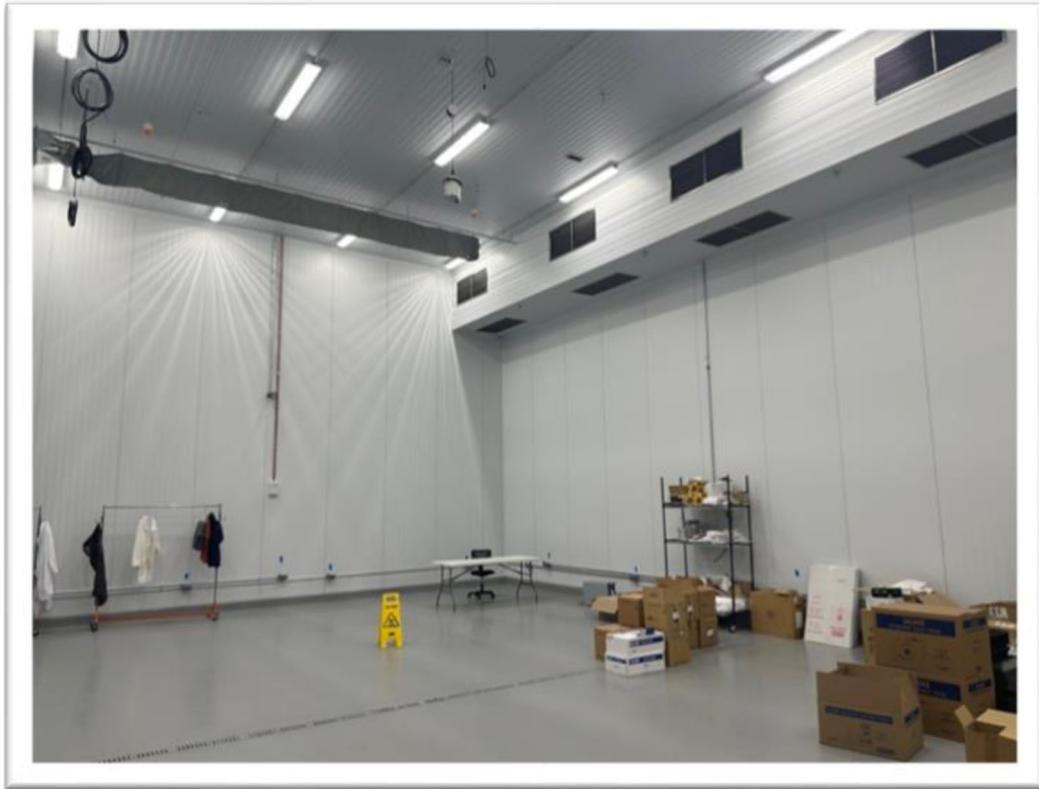






Interior Photos of the Facility





J-3

HOW PIER COVE WILL PAY FOR RE-OPENING:
Plan for Short-Term Capital Infusion and Long-Term Financial Stability

One causal factor in the temporary closure of Pier Cove in October 2023 was insufficient financing, which contributed to the decision to attempt to cultivate with unfinished mechanicals. Pier Cove recognizes that a key to making the restart successful is financial stability. To that end, there has been a fundamental leadership reorganization at Pier Cove's parent company, Justice Cannabis Co.¹ In July 2023, Pier Cove replaced its entire executive team and brought on a new team of talent, some hired away from other MSOs, and some from within the company. As a result, we now have a new Chief Executive Officer (Alexzandra Fields), a new Chief Financial Officer (William Murray), a new Chief Legal Officer (Gail Brashers-Krug), a new Controller (Bill Papatheofanis), a new National Director of HR and Engagement (Danielle Thompson), and a new National Construction Manager (Ed Warpinski).

The new executive team has implemented strict fiscal discipline across the company, strengthening corporate infrastructure, compliance, and oversight, while simultaneously shifting the focus to consistent, high-quality cannabis products. That approach radically reversed the financial operations of Justice Cannabis Co. The company has sold off failing assets in other states and improved the performance of profitable business units, both in Pennsylvania and in other states.

A. Reduced Debt

The success of the new executive team has enabled the company to greatly reduce its debt load, making more cash available for operations. Among other things, Justice Cannabis Co.'s financial success allowed us to renegotiate our mortgage loan with our lender, American Flower Capital ("AFC"), which holds a mortgage on the Pier Cove facility. We were able to obtain a substantially lower interest rate and other more favorable payment terms.

Previously, the most substantial barrier to restarting operations at Pier Cove was the unpaid construction costs due to Mosaic. Without the significant loan service cost previously applied, Justice Cannabis Co. has been able to use operating income from its operations in other states to pay down Pier Cove's debt to Mosaic. As of this writing, our debt to Mosaic of more than \$10,000,000 has been reduced to \$5,550,000, and will be fully repaid under our repayment agreement by June 23, 2025. As a result, Mosaic could fully pay all the subcontractors engaged on the project. This has put Pier Cove in a position to re-engage Mosaic to complete the construction on favorable terms.

¹ Justice Cannabis Co. is actually a DBA for the parent company, whose legal name is JG HoldCo LLC. The parent company is better known in the industry by its trade name, Justice Cannabis Co.

B. Immediate Capital Infusion

The company's financial turnaround has also placed its owners in a better position to support Pier Cove. Justice Cannabis Co. is largely owned by two individuals, Jonathan Loevy and Mike Kanovitz. As a vote of confidence in Pier Cove's plan to restart the operations, those two individuals have pledged up to **\$5 million** of their personal funds to pay for the completion of construction and other start-up costs for the Pier Cove facility. (That executed pledge is attached to this Proposal as **Exhibit 4-A**.)

Likewise, our lender, AFC, has agreed to make available **\$500,000** toward start-up costs to complete and operate Pier Cove until its cash flow is sufficient to be self-supporting. Specifically, Mr. Daniel Neville, Chief Executive Officer of AFC, has informed Pier Cove of AFC's agreement to (1) take no action to foreclose on the mortgage or otherwise impair the facility; (2) continue to honor the terms of Pier Cove's forbearance agreement, which requires no payments from the Pier Cove entity; and (3) to make available \$500,000 in cash to be used toward re-opening expenses, provided that Pier Cove's permit is renewed.

Thus, we have a total of **\$5,500,000** immediately available to finance the re-opening of Pier Cove. As noted in our Construction Plan, we estimate total cost of re-opening, including construction, start-up costs, and operations and carrying costs, to amount to **\$4,843,000 to \$4,943,000**. We have factored the possibility of Cost overruns and unforeseen delays into our plan and we have sufficient funds to succeed despite them.

C. Conclusion

The detailed and specific plan set forth in this Proposal represents the best chance at success for Pier Cove. As described above, Pier Cove and its leadership team understand the causes behind the temporary closure in 2023, and have taken steps to guard against any repeat of those circumstances going forward. In addition to changing leadership, strengthening finances, and instituting better corporate policies and governance, Pier Cove's team will draw on their long experience in building, starting, and operating cannabis cultivation facilities in other states to ensure success. Pier Cove will be a state-of-the-art cultivation facility with a long-term plan to be self-sufficient and financially stable. That stability will improve the strength and stability of Pennsylvania's medical cannabis market, and better serve the Commonwealth's medical cannabis patients. Pier Cove's owners are willing to pledge their personal funds to make it happen, because they believe in our plan to turn Pier Cove around.